

**MERGER COMMITMENTS AND CONDITIONS****1. Conditions Related to Recovery of V. C. Summer Units 2 and 3 New Nuclear Development (“NND”) Costs and Related Regulatory Liabilities, Tax Savings, and Merger Savings**

- A. SCE&G shall reduce rates to electric customers by \$193.5 million (from present rates, including experimental rates) in the first billing cycle following the Commission Order issued in this proceeding, followed by an increase of \$33.1 million in the first billing cycle in 2020 (for a net reduction from present rates, including experimental rates, of \$160.4 million in 2020). This net rate reduction reflects the termination of the existing revised rates and the termination of the temporary rate reduction reflected in the experimental rates adopted pursuant to Act 258; provides the Company recovery of its allowed NND abandonment costs less related regulatory liabilities on a levelized (annuitized) basis over 20 years; recognizes the annual savings in base rates due to the Tax Cuts and Jobs Act (“TCJA”) going forward; recognizes estimated savings from the merger starting at \$35 million in 2019 and growing to \$70 million in 2020; and provides a one-time credit/refund for the savings due to the TCJA in 2018 that was subject to deferral as a regulatory liability pursuant to the Commission’s Order No. 2018-308 in Docket No. 2017-381-A.
- B. SCE&G shall terminate revised rates for grossed-up return on NND costs at \$413 million annually.
- C. SCE&G shall terminate revised rates for grossed-up return on Base Load Review Act (“BLRA”) transmission costs of \$32 million annually.
- D. SCE&G shall terminate experimental rates implemented as a result of Commission Order 2018-460 of negative \$367.4 million annually.
- E. SCE&G shall increase rates by \$85.9 million in the form of a new Capital Cost Recovery Rider (“CCR Rider”) to recover the allowed NND costs less related regulatory liabilities on the effective date when rates are reset in this proceeding. SCE&G is authorized to recover this over 20 years on a levelized (annuitized) basis using a fixed rate of return that includes a 52.81% equity ratio and a long-term debt ratio of 47.19%, a return on equity of 9.1%, and a cost of debt of 5.56%, which includes a revision to incorporate SCE&G’s recent debt issuances. SCE&G is required to incorporate all effects of the TCJA on the NND costs and regulatory liabilities in the CCR Rider, including the reduction in the federal income tax rate on the income tax expense resulting from the equity return and the amortization of excess liability and asset net operating loss (“NOL”) accumulated deferred income taxes (“ADIT”).
- F. SCE&G shall exclude NOL ADIT from CCR Rider rate base related to the disallowed NND costs as if they never had been incurred or deducted either as research and

- experimentation or abandonment loss deductions. In addition, SCE&G shall exclude NOL ADIT from rate base related to one-time rate credit or refund, if any. Further, the calculation of these exclusions shall be off the top of the NOL ADIT as it is amortized in future years. In other words, SCE&G shall assume that none of the NOL ADIT related to the disallowed costs and related to the one-time rate credit or refund, if any, is used by SCE&G, SCANA, or Dominion until after the NOL ADIT related to the allowed NND costs is fully utilized.
- G. The following methodology shall be used to quantify the NOL ADIT related to the \$1.3 billion one-time rate credit. The \$1.3 billion deduction shall be the last deduction in the calculation of the NOL ADIT for ratemaking purposes. The NOL ADIT caused by all other allowed deductions shall be amortized (realized) first and used to reduce the NOL ADIT that is included in rate base. The allowed NND cost NOL ADIT shall be amortized (realized) first, then the disallowed NND cost NOL ADIT, and then the \$1.3 billion NOL ADIT. The sequence of the last two is not important for ratemaking purposes as long as both NOL ADIT amounts are excluded
- H. SCE&G shall defer the BLRA transmission revenue requirement, including a long-term debt rate of return, consistent with the termination of the revised rates and to be considered in a subsequent base rate proceeding. The Commission shall address the prudence and recovery of these transmission costs in that future proceeding. SCE&G shall defer a rate of return using the cost of long-term debt, depreciation, incremental operation and maintenance (“O&M”) expenses, other incremental taxes expense (payroll and property tax expenses), and other incremental operating expenses, e.g., insurance expense, until the effective date when rates are reset to include the allowed amount of these costs in a future base rate proceeding.
- I. SCE&G shall securitize the allowed NND abandonment costs if South Carolina enacts enabling legislation, without reduction for regulatory liabilities and ADIT. The regulatory liabilities and ADIT would not be used to reduce the amount of securitization financing and instead would be subtracted from rate base, subject to the grossed-up rate of return for the NND costs less regulatory liabilities if securitization financing is not available.
- J. SCE&G shall increase rates by \$35.0 million to \$52.1 million in the form of a securitization tariff to collect the amounts sufficient to repay the NND costs and a CCR sur-credit (negative rate) rider for the regulatory liabilities, or its ratemaking equivalent. The range is due to the estimated range in potential securitization interest rates and includes an increment for the estimated “make-whole” penalties to prematurely redeem outstanding long-term debt with the securitization proceeds.
- K. SCE&G shall reduce rates by \$98.7 million in the form of a Tax Savings Rider for the base rate savings due to the TCJA unrelated to the NND costs and related regulatory liabilities. The income tax savings include the reduction in income tax expense and the amortization of excess ADIT. The Tax Savings Rider will remain in place until base rates are reset to reflect these savings in a future base rate proceeding.

- L. SCE&G shall include the income tax savings related to the NND costs and related regulatory liabilities in the CCR Rider.
- M. SCE&G shall reduce electric rates by \$35 million in the first year and \$70 million in the second year and annually thereafter in the form of a Merger Savings Rider for the estimated savings in operating expenses if the Merger is implemented. The Merger Savings Rider will remain in place until base rates are reset to reflect these savings in a future base rate proceeding.
- N. SCE&G shall issue a one-time refund of \$68.2 million for the base rate and revised rate income tax savings in 2018 due to the TCJA. The income tax savings includes the reduction in income tax expense for base rates and revised rates and the amortization of protected excess ADIT for base rates. It does not include the amortization of unprotected excess ADIT.
- O. SCE&G shall not recover or seek recovery of additional NND costs incurred after September 30, 2017 in conjunction with its commitment that it has written off all costs related to the project since that date. This includes any costs that may be incurred in the future, including, but not limited to, sales tax on the NND costs and demolition or decommissioning costs related to the abandoned physical assets. Such additional NND costs shall be precluded from recovery through the CCR Rider or otherwise.

## 2. Conditions Related to Base Rate Case Freeze

- A. Except for rate adjustments for fuel and environmental costs, demand side management costs and other rates routinely adjusted on an annual or biannual basis, SCE&G shall freeze retail electric base rates at current levels until January 1, 2021.
- B. SCE&G shall not seek new deferrals for costs that historically have been recovered through base rates for the same two-year period.
- C. The following costs shall prospectively be excluded from SCE&G's rate base and cost of service for ratemaking purposes:
  - 1. Funds in the "Rabbi Trust" for senior management payments;
  - 2. Senior management bonus payments charged to the NND Project;
  - 3. Cost of the Bechtel Report;
  - 4. Consulting payments made to former SCANA CEO, William Timmerman; and
  - 5. Civil litigation defense expenses associated with the merger and NND abandonment.
  - 6. Litigation expenses associated with the NND Project, the NND costs and abandonment and all related claims, state court lawsuits related to the BLRA and the collection of revised rates, administrative and law enforcement investigations and proceedings related in any way to the Project including the Consolidated Dockets (Docket Nos. 2017-370-E, 2017-305-E, and 2017-207-E), and the federal court actions filed by or against SCANA/SCE&G or any of its officers or directors,

and including any appeals, shall be incurred and expensed at the respective Dominion Energy and SCANA corporate (Holding Company) level, except to the extent such expenses are required to be recorded on the books of SCE&G under Generally Accepted Accounting Principles, in which case any such expenses will be reflected on SCE&G's books below-the-line in the appropriate FERC account to ensure the amounts are excluded from rate recovery. SCE&G shall not seek recovery of these costs from ratepayers. This includes any costs that have been incurred or may in the future be incurred, including, but not limited to, legal expenses or consulting expenses associated with those listed above.

**3. Conditions Related to Merger Acquisition Premium, Goodwill, Transaction, and Transition Costs**

- A. SCE&G shall not seek recovery of any acquisition premium (goodwill) costs, transaction costs, or transition costs associated with the acquisition (the "Merger") from its customers.
- B. The following definition of acquisition premium (goodwill) costs shall apply. As defined in Accounting Standards Codification Topic 805, *Business Combinations*, goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. The terms goodwill and acquisition premium are used interchangeably for ratemaking purposes. Goodwill will not be determined until the closing date of the transaction at which time it will be based on the fair value of SCANA's identifiable assets and liabilities as determined by a third-party valuation.
- C. Dominion Energy shall not record any portion of the purchase price allocation adjustments (fair value adjustments including goodwill) associated with the Merger on SCANA or SCE&G's books and is planning to make the required accounting entries associated with the Merger on that basis.
- D. Neither SCANA nor SCE&G shall seek recovery of any acquisition premium (goodwill) or any other fair value adjustments associated with the Merger from its customers.
- E. The following definition of transaction costs shall apply. Transaction costs include costs incurred in connection with completion of the acquisition by Dominion Energy, Inc. of the equity interests of SCANA Corporation, including costs of obtaining all necessary regulatory approvals for the merger. Examples of such costs include legal fees and expenses, regulatory filing fees and costs of developing and pursuing regulatory approvals, accounting fees, costs related to securities issuances and proxy solicitations, financial advisory fees and investment banking fees.
- F. Any transaction costs related to the merger will be incurred and expensed at the respective Dominion Energy, Inc. and SCANA Corporation corporate ("Holding Company") level. As such, SCE&G will not seek recovery of these costs from

- customers. Neither Dominion Energy, Inc. nor SCANA Corporation have specific FERC financial reporting requirements at the Holding Company level, although SCANA Corporation does maintain its Holding Company general ledger utilizing the FERC Uniform System of Accounts. As such, these transaction costs have been and are being recorded on SCANA's general ledger to account 426.5 - Other Deductions which is a below-the-line nonutility account number. Regardless of the account number used at either the Dominion Energy or SCANA Holding Company level, these costs are not passed down to any Dominion or SCANA subsidiary company. Similarly, due to the nature of the costs incurred, some may originate at Dominion Energy Services, Inc. ("DES") or SCANA Services, Inc. ("SSCO") and will be charged to the respective Holding Company.
- G. The following definition of transition costs shall apply. Transition costs are generally costs arising from the activities necessary to integrate the purchased entity into the acquiring entity. Examples of transition costs include those related to, but not limited to, the integration of financial, IT, human resource, billing, accounting, and telecommunications systems and processes. Other costs could include severance payments to employees and costs related to changes to signage, changes to employee benefit plans and termination of any duplicative leases, contracts, operations, etc.
- H. Generally, transition costs related to the merger will be incurred and expensed at the respective Dominion Energy, Inc. and SCANA Corporation corporate ("Holding Company") level and will not be pushed down or charged to SCE&G or any other SCANA or Dominion subsidiary company. As such, SCE&G will not seek recovery of these costs from customers. Neither Dominion Energy, Inc. nor SCANA Corporation have specific FERC financial reporting requirements at the Holding Company level, although SCANA Corporation does maintain its Holding Company general ledger utilizing the FERC Uniform System of Accounts. Accordingly, these transition costs have been and are being recorded on SCANA's general ledger to account 426.5 - Other Deductions which is a below-the-line nonutility account number. Similarly, due to the nature of the costs incurred, some may originate at DES or SSCO and will be charged to the respective Holding Company. Any transition costs and one-time charges attributable to the Customer Benefits Plan that are required to be recorded on the books of SCE&G under Generally Accepted Accounting Principles will be reflected on SCE&G's books below-the-line in FERC account 426.5 - Other Deductions to ensure the amounts are excluded from rate recovery.

#### **4. Conditions Affecting the Cost of New Generating Capacity**

- A. The approximately \$180 million initial capital investment in the Columbia Energy Center, a 540-MW combined-cycle, natural gas-fired power plant located in Gaston, South Carolina, shall be excluded from rate base and rate recovery, with only the ongoing costs such as fuel costs, operations and maintenance expense, and maintenance or improvement capital investments associated with the plant to be recovered in future base and fuel rates.

**5. Conditions Affecting Affiliate Transactions**

- A. Dominion Energy does not permit any lending of cash or other capital from a utility subsidiary to any other entity within the Dominion Energy family (in other words, there is no money pool for these regulated utility subsidiaries).
- B. SCE&G shall not be the guarantor of any debt of Dominion Energy, Inc. or any other Dominion affiliates.
- C. SCE&G shall make a filing with the Commission to seek approval for any proposed structural reorganization and shall not implement such reorganization until the Commission issues an order approving, rejecting, or modifying the planned reorganization.
- D. Dominion Services, Inc. shall not modify its cost allocation manual (“CAM”) or its affiliate billing practices to charge SCE&G a rate of return on rate base.
- E. Dominion Energy, Inc., SCE&G, and its affiliates shall abide by the following standards regarding affiliate transactions as depicted in the NARUC’s Guidelines for Cost Allocations and Affiliate Transactions unless as otherwise directed by the Commission.
  - 1. Generally, the price for services, products and the use of assets provided by a regulated entity to its non-regulated affiliates should be at the higher of fully allocated costs or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.
  - 2. Generally, the price for services, products and the use of assets provided by a non-regulated affiliate to a regulated affiliate should be at the lower of fully allocated cost or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.
  - 3. Generally, transfer of a capital asset from the utility to its non-regulated affiliate should be at the greater of prevailing market price or net book value, except as otherwise required by law or regulation. Generally, transfer of assets from an affiliate to the utility should be at the lower of prevailing market price or net book value, except as otherwise required by law or regulation. To determine prevailing market value, an appraisal should be required at certain value thresholds as determined by regulators.
  - 4. Entities should maintain all information underlying affiliate transactions with the affiliated utility for a minimum of three years, or as required by law or regulation.
- F. SCE&G shall not engage in improper self-dealing with other Dominion affiliates where there are competitive alternatives, such as the sourcing of natural gas supplies and transportation and storage services; in such circumstances, SCE&G shall competitively source its services or products using a “reasonable and prudent” standard. For purposes

of this paragraph, “reasonable and prudent” shall mean the lowest reasonable total delivered cost of fuel, taking into consideration factors such as price for supply, storage, an/or transport, and other factors such as reliability and diversity of supply. SCE&G shall be required to maintain records and shall have the burden to prove that transactions with an affiliate comply with this paragraph.

**6. Conditions Regarding Local Management, Headquarters, and Access to Books and Records**

- A. Dominion Energy shall manage SCE&G from an operations standpoint as a separate regional business under Dominion Energy. SCE&G will retain local responsibility for making decisions that achieve the objectives of customer satisfaction, reliable service, customer, public, and employee safety, environmental stewardship, and collaborative and productive relationships with customers, regulators, other governmental entities, and interested stakeholders.
- B. Dominion Energy shall maintain SCE&G’s headquarters in Cayce, South Carolina.
- C. The President of SCE&G will continue to be a South Carolina resident with his/her primary office in Cayce, South Carolina.
- D. The Commission shall continue to exercise its regulatory authority over SCE&G in the same way it does today, thereby ensuring continued protection of the interests of South Carolina customers. In addition, officers and employees of Dominion Energy, including SCE&G local management, shall continue to be accessible to regulators and lawmakers, including the Commission. As part of this and future regulatory proceedings, Dominion Energy and SCE&G shall continue to provide information about Dominion Energy or its other subsidiaries relevant to matters within the Commission’s jurisdiction to the Commission upon request of the Commission. In addition, Dominion and SCE&G management shall ensure local access to books and records of SCE&G, including local access to the books and records of SCANA Services, Inc., and Dominion Energy Services, Inc., as well as any other affiliate that provides services to and charges SCE&G, without limitation to specific future “proceedings.”
- E. SCE&G and Dominion Energy shall communicate all material information within a reasonable period of time with the South Carolina Office of Regulatory Staff (“ORS”) and the Commission. SCE&G and Dominion Energy shall be transparent to the Commission, ORS, customers and the public. However, neither Dominion Energy nor SCE&G waive any right to assert the attorney client privilege or attorney work product doctrine.
- F. Consistent with the commitment made by Dominion Energy’s CEO Thomas Farrell to the Commission, SCE&G and Dominion Energy will provide the Commission and ORS with the complete review, results and corrective actions of any internal investigation or evaluation of the SCANA and SCE&G actions related to the Project

- and the failure to timely disclose and provide to the Commission or the ORS any report, study, analysis or material information; the construction design, management, procurement, supervision, and oversight of the project; the budgeted and actual costs of the Project; the performance of contractors, subcontractors, vendors, and consultants on the Project; and the scheduled completion dates of the Project.
- G. This disclosure and provision of information shall also include the review and results from the SCANA Board of Directors Special Litigation Committee.
  - H. Within 3 months of the merger, Dominion and SCE&G shall adopt and agree to adhere to a Code of Conduct developed in collaboration with the ORS and approved by the Commission which governs the relationships, activities, and transactions between or among the Commission, ORS, the public utility operations of SCANA, SCE&G, Dominion Energy, the affiliates of Dominion Energy, SCANA, and SCE&G, and the nonpublic utility operations of Dominion Energy and SCE&G. Such Code of Conduct shall be developed to assure that the utility and its officers, employees and agents act to assure that they adhere to its duty to avoid the concealment, omission, misrepresentation, or nondisclosure of any material fact or information in any proceeding or filing before the Commission or ORS.

**7. Conditions Regarding Local Employment**

- A. Dominion Energy shall commit to maintaining compensation levels for employees of SCANA and its subsidiaries, including SCE&G, following the closing of the merger until January 1, 2020. For non-executive employees, Dominion Energy shall extend the Merger Agreement commitment to maintain compensation levels for employees of SCANA and its subsidiaries, including SCE&G, following the closing of the Merger until at least July 1, 2020. Dominion Energy shall extend, until July 1, 2020, the Merger Agreement commitment to provide severance benefits or base pay continuation to non-executive employees who may be severed prior to July 1, 2020.
- B. Further, Dominion Energy shall give employees of SCANA and its subsidiaries, including SCE&G, due and fair consideration for other employment and promotion opportunities within the larger Dominion Energy organization, both inside and outside of South Carolina.
- C. Dominion Energy shall seek to minimize the reductions in local employment, and in particular any involuntary reductions, by allowing some of the Dominion Energy Services, Inc. employees supporting shared and common services functions and activities to be located in Cayce where it makes economic and practical sense to do so. Dominion Energy shall maintain employees in Cayce when it is in the best interests of SCE&G customers to do so.



**8. Conditions Regarding Service Quality**

- A. For SCE&G's electric operations, SCE&G shall provide quarterly SAIDI and SAIFI reporting the same as provided by Dominion shown on Exhibit RAB-12, page 1. The quarterly reporting to the Commission should begin no less than three (3) months after the close of the transaction.
- B. For SCE&G's electric operations, SCE&G shall provide quarterly Call Center Performance Metrics reporting the same as provided by Dominion on Exhibit RAB-12, page 2. The quarterly reporting to the Commission should begin no less than three (3) months after the close of the transaction.
- C. For SCE&G's electric operations, SCE&G shall provide a yearly plan for addressing the 5% worst performing feeders on the Company's system.
- D. For SCE&G's electric operations, SCE&G shall file a detailed report with the Commission identifying opportunities for improving the service quality to electric customers on SCE&G's system within six (6) months after the close of the transaction.
- E. For SCE&G's gas operations, SCE&G shall file quarterly service quality reports with the same service quality metrics shown as provided by Dominion shown on Exhibit RAB-11. The quarterly reporting to the Commission should begin no less than six (6) months after the close of the transaction.
- F. For SCE&G's electric and gas operations, service quality reports shall be reviewed biennially in a Commission docket to evaluate SCE&G's progress on service quality. The first review shall take place two years after the Merger close. ORS and other stakeholders may intervene in this docket. SCE&G shall be required to submit testimony to demonstrate its progress and experience with service quality for electric and gas operations since the close of the merger. Any degradation in service levels indicated shall be accompanied by a plan submitted by SCE&G to address the degradation.

**9. Conditions Regarding Credit Quality**

- A. The ROE for SCE&G shall be determined using a proxy group of investment grade regulated utilities. The Commission shall not allow Dominion Energy or SCE&G to pass through increases in the cost of equity due to adverse effects from the proposed acquisition or from any additional risk due to imprudent actions by SCANA and/or SCE&G.
- B. The cost of new long-term debt issued by or for SCE&G shall be set based on the lower of the prevailing cost of debt for an average investment grade regulated utility (rated BBB/Baa/A) or on SCE&G's actual cost of new long-term debt.

**10. Additional Conditions**

- A. Dominion Energy shall not make change to the organizational structure of SCE&G as a result of the Merger without prior authorization from the Commission. That organizational structure is presented in Exhibit 8 of the application. Dominion Energy commits that SCE&G will remain a direct, wholly-owned subsidiary of SCANA Corporation, will continue to exist as a separate legal entity following the merger, and that both electric and gas functions and activities will remain resident within SCE&G.
- B. Merger synergy savings shall be credited to SCE&G natural gas customers. SCE&G shall create a regulatory liability of \$2.45 million and shall refund to natural gas customers as a bill credit of \$820,000 on January 1, 2019 or as soon thereafter as practicable, another bill credit of \$815,000 on January 1, 2020, and a final bill credit of \$815,000 on January 1, 2021. .
- C. SCE&G customers shall receive equivalent or greater Merger benefits, other ratemaking benefits, and other commitments and conditions compared to those offered or ordered by the North Carolina Public Utility Commission or other regulators.
- D. In consultation with ORS, Dominion Energy and SCE&G shall develop a program to educate SCE&G customers about the benefits and implementation of any rate plan approved by the Commission ("Customer Education Program"). Any Customer Education Program shall be filed with the Commission prior to its implementation.
- E. SCE&G agrees to reflect the Capital Cost Recover Rider on the retail electric customer's bill as a separate charge labeled "New Nuclear Cost Recovery Charge."
- F. In the event the Atlantic Coast Pipeline infrastructure expands into South Carolina, Dominion Energy shall limit cost recovery for SCE&G electric and natural gas customers to the FERC recourse rate or less.

**11. Conditions Regarding the Department of Defense**

- A. SCE&G agrees that, if a cash refund for rates is given, then the Department of Defense and all other Federal Executive Agencies will have an option to select whether they receive the refund of rates as a check or as a credit on their billing invoice.

**12. Conditions Regarding Public Interest Benefits**

- A. Dominion Energy shall create a Public Interest Fund in the amount of \$351,000,000.00 for the benefit of the wholesale and retail customers of the South Carolina Public Service Authority ("Santee Cooper"), so that the Merger will serve the public interest, including the energy needs of the state. Santee Cooper is owned by the people of South Carolina and operated for their benefit, and Santee Cooper is a 45 percent owner of the Project and incurred 45% of the Project costs.

- B. Dominion Energy commits to annual charitable giving and investment in the communities that SCE&G serves. Dominion Energy's charitable giving in South Carolina shall increase, at minimum, by \$1 million above SCE&G's current contributions, so that the Merger will serve the people and communities of South Carolina.

### **13. Conditions Regarding Low-Income Customers**

- A. Low-Usage Residential Consumer Protection:  
For ten years following Commission approval of the merger, SCE&G and Dominion Energy agree not to request any increase in the current \$10.00 monthly Basic Facilities Charge, nor to request the imposition of any other similarly fixed charge on Residential electric customers. Any increase in residential electric rates over this time period shall be based only upon energy usage.
- B. Low-Income / Vulnerable Customer Rate Credit:  
SCE&G agrees to contribute \$\_\_\_ million annually of **shareholder funds** into a low-income customer benefit fund in South Carolina. The fund will be dedicated to providing a \$50.00 monthly credit on the electric bills of qualifying residential household or for other low-income benefits recommended by the stakeholders and approved by the Commission. Customers may qualify for the \$50.00 monthly credit based upon the qualifying or receiving LIHEAP energy assistance, SNAP benefits, Food Stamps, or other verifiable federal or state low-income program. SCE&G agrees to organize a yearly stakeholder meeting to review the terms of the program. Stakeholders shall include any interested party to the current consolidated cases, as well as any interested agency or organization involved in the provision of energy assistance programs within the SCE&G electric service territory. Stakeholders shall work together to develop the terms for administering the fund and to suggest changes to the low-income customer benefit fund over time. If any dispute arises regarding the administration of the low-income customer benefit fund, any stakeholder may request a resolution of that dispute at the Commission.

### **14. Conditions Regarding Integrated Resource Planning ("IRP")**

- A. Prior to the development of each SCE&G annual IRP beginning with the 2020 IRP, intervenors in the previous year's IRP docket can submit to the Commission up to five (5) alternative scenarios, which SCE&G shall model during development of the IRP and present in the IRP filed with the Commission.
- B. SCE&G's IRP shall present a preferred portfolio and at least three alternative portfolios that include significantly more renewable energy, energy efficiency, and demand response, singly or in combination. At least one of such alternative portfolios shall also include the accelerated closure of one or more of the Company's least efficient coal units.

- C. The IRP should be modeled with sensitivities for fossil fuel prices and an imputed value of at least \$25/ton for carbon emissions.
- D. For the 2020, 2021, and 2022 IRPs and to audit those methodologies long-term, Dominion Energy shall fund – in an amount not to exceed \$250,000 per IRP or audit – an outside consultant, selected jointly by the Company and interested parties, to audit SCE&G’s load forecast and reserve margin methodologies, review SCE&G’s methodology for portfolio modelling, including but not limited to inputs, discretionary weightings, etc., and submit an independent report to the Commission. The independent consultant fees are not to exceed \$250,000 and shall not be included in customer rates.

**15. Conditions Regarding Competitive, All-Source Solicitation for New Capacity and/or Energy Resources**

- A. SCE&G shall not procure or apply to certify new generating resources other than through a competitive, all-source solicitation or purchases from PURPA qualifying facilities as required under federal law. This condition shall not apply in the event one or more customers request a specific utility-owned solution at such customer(s) expense.
- B. In any competitive, all-source solicitation, SCE&G will fund an Independent Evaluator (“IE”) chosen by the Company and interested parties (with disagreement resolved by the Commission). The IE will have immediate and continuing access to all non-privileged documents and data reviewed, used, or produced by the Company in the preparation of its request for proposals (“RFP”) and screening criteria and in its bid solicitation, evaluation, and selection processes and to the bid evaluation results and modeling runs to verify those results and evaluate options not considered. The IE will report to the Commission regarding the transparency, completeness, and integrity of the bidding process and the evaluation of bids. The funds to support the work of the IE will be recovered from the bidders participating in the RFP and will not be recovered from SCE&G ratepayers.
- C. Ninety days before issuing the RFPs, SCE&G must file its bid evaluation criteria with the Commission for approval and make the documents available to qualified parties (e.g., ORS and non-conflicted parties). The bid evaluation criteria must provide for consideration of “all sources,” including, but not limited to, energy efficiency, demand response, renewable resources, and energy storage.
- D. Parties will have a reasonable period to review and comment on proposed RFPs, bid instructions, and bid evaluation criteria prior to their issuance and finalization. The resource need and bid evaluation criteria must be substantially similar to those approved by the Commission.
- E. Qualified parties must be able to request that SCE&G evaluate a limited number of alternative approaches or scenarios for modeling during the bid evaluation.

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- F. If Dominion or SCE&G or their affiliates participate in the solicitation, SCE&G shall treat such affiliates in the same manner as non-affiliates participating in the RFP process and shall not disclose to such affiliates any confidential market/commercially sensitive information in connection with the RFP. All information utilized by any affiliate in preparing its bids (including information about transmission and distribution constraint and post-initial term pricing) must be shared with all bidders after all bids are submitted.